



February 17, 2004

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# ENGROSSED

## SENATE BILL No. 327

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DIGEST OF SB 327 (Updated February 12, 2004 10:14 am - DI 92)

**Citations Affected:** IC 4-3; IC 4-4; noncode.

**Synopsis:** Microenterprise partnership program. Requires the Indiana economic development council to establish a microenterprise partnership program to provide grants to community based or nonprofit organizations for the purpose of providing business development services and loans to businesses with fewer than five employees. Transfers responsibilities for the enterprise development program and the small and minority business financial assistance program to the Indiana economic development council. Renames the enterprise development fund as the microenterprise partnership program fund.

**Effective:** July 1, 2004.

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**Simpson, Ford, Riegsecker**  
(HOUSE SPONSORS — CRAWFORD, BUELL)

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January 12, 2004, read first time and referred to Committee on Economic Development and Technology.  
January 26, 2004, amended, reported favorably — Do Pass.  
February 2, 2004, read second time, amended, ordered engrossed.  
February 3, 2004, engrossed.  
February 4, 2004, read third time, passed. Yeas 39, nays 10.

HOUSE ACTION  
February 6, 2004, read first time and referred to Committee on Ways and Means.  
February 16, 2004, amended, reported — Do Pass.

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ES 327—LS 7108/DI 44+



February 17, 2004

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

## ENGROSSED SENATE BILL No. 327

A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 4-3-12-3, AS AMENDED BY P.L.58-2002,  
2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2004]: Sec. 3. The corporation, after being certified by the  
4 governor under section 1 of this chapter, may:

5 (1) establish programs to identify entrepreneurs with marketable  
6 ideas and to support the organization and development of new  
7 business enterprises, including technologically oriented  
8 enterprises;

9 (2) conduct conferences and seminars to provide entrepreneurs  
10 with access to individuals and organizations with specialized  
11 expertise;

12 (3) establish a statewide network of public, private, and  
13 educational resources to assist the organization and development  
14 of new enterprises;

15 (4) operate a small business assistance center to provide small  
16 businesses, including minority owned businesses and businesses  
17 owned by women, with access to managerial and technical

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expertise and to provide assistance in resolving problems encountered by small businesses;

(5) cooperate with the Indiana business modernization and technology corporation, other public and private entities, including the Indiana small business development network and the federal government marketing program, in exercising the powers listed in subdivisions (1) through (4);

~~(6) establish and administer the small and minority business assistance program under IC 4-3-16;~~

~~(7) approve and administer loans from the enterprise development fund established under IC 4-3-13; and~~

~~(8)~~ (6) coordinate state-funded programs that assist the organization and development of new enterprises.

SECTION 2. IC 4-3-13-1.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1.5. As used in this chapter, "corporation" refers to the Indiana ~~small business economic development corporation~~ **council established under IC 4-3-13.**

SECTION 3. IC 4-3-13-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. As used in this chapter, "fund" refers to the ~~enterprise development~~ **microenterprise partnership program fund established by section 9 of this chapter.**

SECTION 4. IC 4-3-13-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 8. (a) The general assembly makes the following findings of fact:

(1) There exists in Indiana an inadequate amount of locally managed, pooled investment capital in the private sector available to invest in new and existing business ventures, including business ventures by nontraditional entrepreneurs.

(2) Investing capital and business management advice in new and existing business ventures, including business ventures by nontraditional entrepreneurs, will enhance economic development and create and retain employment within Indiana. This investment will enhance the health and general welfare of the people of Indiana and constitutes a public purpose.

(3) Nontraditional entrepreneurs have not engaged in entrepreneurship and self-employment to the extent found in the mainstream of Indiana's population. Realizing the potential of these nontraditional entrepreneurs will enhance Indiana's economic vitality.

(b) Therefore, it is declared to be the policy of the state to promote economic development and entrepreneurial talent of the state's inhabitants by the creation of the ~~enterprise development~~ fund for the

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public purpose of promoting opportunities for gainful employment and business opportunities.

SECTION 5. IC 4-3-13-9, AS AMENDED BY P.L.58-2002, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 9. (a) The ~~enterprise development~~ **microenterprise partnership program** fund is established. The fund is a revolving fund for the purpose of:

(1) providing loans approved by the corporation under this chapter and IC 4-3-12-3;

(2) providing loans or loan guarantees under the small and minority business financial assistance program established by IC 4-3-16;

**(3) carry out the microenterprise partnership program under IC 4-4-32.4; and**

~~(4) paying the costs of administering this chapter, and~~ **IC 4-3-16, and IC 4-3-32.4.**

The fund shall be administered by the corporation.

(b) The fund consists of:

(1) amounts appropriated by the general assembly;

(2) the repayment proceeds (including interest) of loans made from the fund; and

(3) donations, grants, and money received from any other source.

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(e) The fund is subject to an annual audit by the state board of accounts. The fund shall bear the full costs of this audit.

SECTION 6. IC 4-3-13-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 19. (a) As used in this section, "eligible entity" means any partnership, unincorporated association, corporation, or limited liability company, whether or not operated for profit, that is established for the purpose of establishing a local investment pool.

(b) A local investment pool may be established only by an eligible entity. A political subdivision may participate in the establishment of an eligible entity but may not be the sole member of the eligible entity.

(c) The articles of incorporation or bylaws of the eligible entity, as appropriate, must provide the following:

(1) The exclusive purpose of the eligible entity is to establish a local investment pool to:

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- 1 (A) attract private equity investment to provide grants, equity  
 2 investments, loans, and loan guarantees for the establishment  
 3 or operation of businesses in Indiana; and  
 4 (B) provide a low to moderate rate of return to investors in the  
 5 short term, with higher rates of return in the long term.  
 6 (2) The governing body of the eligible entity must include:  
 7 (A) persons who are qualified by professional background and  
 8 business experience to make sound financial and investment  
 9 decisions in the private sector; and  
 10 (B) representatives of nontraditional entrepreneurs.  
 11 (3) The eligible entity may receive funds from:  
 12 (A) equity investors;  
 13 (B) grants and loans from local units of government;  
 14 (C) grants and loans from the federal government;  
 15 (D) donations; and  
 16 (E) loans from the ~~enterprise development~~ fund.  
 17 SECTION 7. IC 4-3-13-20 IS AMENDED TO READ AS  
 18 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 20. (a) A local  
 19 opportunity pool may be established only by a nonprofit corporation or  
 20 a for profit corporation established for that purpose. A political  
 21 subdivision may participate in the establishment of such a corporation  
 22 but may not be the sole member of the corporation.  
 23 (b) The articles of incorporation or bylaws of the corporation, as  
 24 appropriate, must provide the following:  
 25 (1) The exclusive purpose of the corporation is to establish a local  
 26 opportunity pool to:  
 27 (A) attract sources of funding other than private equity  
 28 investment to provide grants, loans, and loan guarantees for  
 29 the establishment or operation of nontraditional  
 30 entrepreneurial endeavors in Indiana; and  
 31 (B) enter into financing agreements that seek the return of the  
 32 principal amounts advanced by the pool, with the potential for  
 33 a greater return.  
 34 (2) The board of directors of the corporation must include:  
 35 (A) persons who are actively engaged in Indiana in private  
 36 enterprise, organized labor, or state or local governmental  
 37 agencies and who are qualified by professional background  
 38 and business experience to make sound financial and  
 39 investment decisions in the private sector; and  
 40 (B) representatives of nontraditional entrepreneurs.  
 41 (3) The corporation may receive funds from:  
 42 (A) philanthropic foundations;

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- (B) grants and loans from local units of government;
- (C) grants and loans from the federal government;
- (D) donations;
- (E) bequests; and
- (F) loans from the ~~enterprise development~~ fund.

SECTION 8. IC 4-3-14-4 IS AMENDED TO READ AS FOLLOWS  
[EFFECTIVE JULY 1, 2004]: Sec. 4. (a) The articles of incorporation  
or bylaws of the corporation, as appropriate, must provide that:

(1) the exclusive purpose of the corporation is to contribute to the  
strengthening of the economy of the state by:

- (A) coordinating the activities of all parties having a role in the  
state's economic development through evaluating, overseeing,  
and appraising those activities on an ongoing basis;
- (B) overseeing the implementation of the state's economic  
development plan and monitoring the updates of that plan; and
- (C) educating and assisting all parties involved in improving  
the long range vitality of the state's economy;

(2) the board must include:

- (A) the governor;
- (B) the lieutenant governor;
- (C) the chief operating officer of the corporation;
- (D) the chief operating officer of the corporation for Indiana's  
international future; and
- (E) additional persons appointed by the governor, who are  
actively engaged in Indiana in private enterprise, organized  
labor, state or local governmental agencies, and education, and  
who represent the diverse economic and regional interests  
throughout Indiana;

(3) the governor shall serve as chairman of the board of the  
corporation, and the lieutenant governor shall serve as the chief  
executive officer of the corporation;

(4) the governor shall appoint as vice chairman of the board a  
member of the board engaged in private enterprise;

(5) the lieutenant governor shall be responsible as chief executive  
officer for overseeing implementation of the state's economic  
development plan as articulated by the corporation and shall  
oversee the activities of the corporation's chief operating officer;

(6) the governor may appoint an executive committee composed  
of members of the board (size and structure of the executive  
committee shall be set by the articles and bylaws of the  
corporation);

(7) the corporation may receive funds from any source and may

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1 expend funds for any activities necessary, convenient, or  
 2 expedient to carry out its purposes;

3 (8) any amendments to the articles of incorporation or bylaws of  
 4 the corporation must be approved by the governor;

5 (9) the corporation shall submit an annual report to the governor  
 6 and to the Indiana general assembly on or before the first day of  
 7 November for each year;

8 (10) the corporation shall conduct an annual public hearing to  
 9 receive comment from interested parties regarding the annual  
 10 report, and notice of the hearing shall be given at least fourteen  
 11 (14) days prior to the hearing in accordance with  
 12 IC 5-14-1.5-5(b); and

13 (11) the corporation is subject to an annual audit by the state  
 14 board of accounts, and the corporation shall bear the full costs of  
 15 this audit.

16 (b) The corporation may perform other acts and things necessary,  
 17 convenient, or expedient to carry out the purposes identified in this  
 18 section, and it has all rights, powers, and privileges granted to  
 19 corporations by IC 23-17 and by common law.

20 **(c) The corporation shall:**

21 **(1) approve and administer loans from the microenterprise**  
 22 **partnership program fund established under IC 4-3-13-9;**

23 **(2) establish and administer the nontraditional entrepreneur**  
 24 **program under IC 5-13-13;**

25 **(3) establish and administer the small and minority business**  
 26 **assistance program under IC 4-3-16; and**

27 **(4) establish and administer the microenterprise partnership**  
 28 **program under IC 4-4-32.4.**

29 SECTION 9. IC 4-3-16-2.5 IS AMENDED TO READ AS  
 30 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2.5. As used in this  
 31 chapter, "corporation" refers to the Indiana ~~small business~~ **economic**  
 32 ~~development corporation.~~ **council established under IC 4-3-14.**

33 SECTION 10. IC 4-3-16-2.7 IS AMENDED TO READ AS  
 34 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2.7. As used in this  
 35 chapter, "fund" refers to the ~~enterprise development~~ **microenterprise**  
 36 **partnership program** fund established by IC 4-3-13-9.

37 SECTION 11. IC 4-4-32.4 IS ADDED TO THE INDIANA CODE  
 38 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 39 JULY 1, 2004]:

40 **Chapter 32.4. Microenterprise Partnership Program**

41 **Sec. 1. As used in this chapter, "council" means the Indiana**  
 42 **economic development council established under IC 4-3-14.**

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1       Sec. 2. As used in this chapter, "microenterprise" means a  
2 business with fewer than five (5) employees. The term includes  
3 startup, home based, and self-employed businesses.

4       Sec. 3. As used in this chapter, "microloan" means a business  
5 loan of not more than twenty-five thousand dollars (\$25,000).

6       Sec. 4. As used in this chapter, "microloan delivery  
7 organization" means a community based or nonprofit program  
8 that:

- 9           (1) has developed a viable plan for providing training, access  
10          to financing, and technical assistance to microenterprises; and  
11          (2) meets the criteria and qualifications set forth in this  
12          chapter.

13       Sec. 5. As used in this chapter, "operating costs" refers to the  
14 costs associated with administering a loan or a loan guaranty,  
15 administering a revolving loan program, or providing for business  
16 training and technical assistance to a microloan recipient.

17       Sec. 6. As used in this chapter, "program" refers to the  
18 microenterprise partnership program established under section 7  
19 of this chapter.

20       Sec. 7. (a) The council shall establish the microenterprise  
21 partnership program to provide grants to microloan delivery  
22 organizations.

23           (b) A grant provided under subsection (a) may not exceed  
24 twenty-five thousand dollars (\$25,000).

25           (c) A microloan delivery organization receiving a grant under  
26 this section must use the grant for the purposes set forth in this  
27 chapter.

28       Sec. 8. To establish the criteria for making a grant to a  
29 microloan delivery organization, the council shall consider the  
30 following:

- 31           (1) The microloan delivery organization's plan for providing  
32 business development services and microloans to  
33 microenterprises.  
34           (2) The scope of services provided by the microloan delivery  
35 organization.  
36           (3) The microloan delivery organization's plan for  
37 coordinating the services and loans provided under this  
38 chapter with those provided by commercial lending  
39 institutions.  
40           (4) The geographic representation of all regions of the state,  
41 including both urban and rural communities and  
42 neighborhoods.

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(5) The microloan delivery organization's emphasis on supporting female and minority entrepreneurs.

(6) The ability of the microloan delivery organization to provide business training and technical assistance to microenterprises.

(7) The ability of the microloan delivery organization to monitor and provide financial oversight of recipients of microloans.

(8) The sources and sufficiency of the microloan delivery organization's operating funds.

**Sec. 9.** A grant received by a microloan delivery organization may be used for the following purposes:

(1) To satisfy matching fund requirements for federal or private grants.

(2) To establish a revolving loan fund from which the microloan delivery organization may make loans to microenterprises.

(3) To establish a guaranty fund from which the microloan delivery organization may guarantee loans made by commercial lending institutions to microenterprises.

(4) To pay the operating costs of the microloan delivery organization. However, not more than ten percent (10%) of a grant may be used for this purpose.

**Sec. 10.** Money appropriated to the program must be matched by at least an equal amount of money derived from any of the following nonstate sources:

(1) Private foundations.

(2) Federal sources.

(3) Local government sources.

(4) Quasi-governmental entities.

(5) Commercial lending institutions.

(6) Any other source whose funds do not include money appropriated by the general assembly.

**Sec. 11.** At least fifty percent (50%) of the microloan money disbursed by a microloan delivery organization must be disbursed in microloans that do not exceed ten thousand dollars (\$10,000).

**Sec. 12.** The council may prescribe standards, procedures, and other guidelines to implement this chapter.

**Sec. 13.** The council may use money in the microenterprise partnership program fund established by IC 4-3-13-9 or any other money available to the council to carry out this chapter.

**Sec. 14.** Before August 1, 2005, and before August 1 of each year

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thereafter, the council shall submit to the budget committee a supplemental report on a longitudinal study:

(1) describing the economic development outcomes resulting from microloans made under this chapter; and

(2) evaluating the effectiveness of the microloan delivery organizations and the microloans made under this chapter in:

(A) expanding employment and self-employment opportunities in Indiana; and

(B) increasing the incomes of persons employed by microenterprises.

SECTION 12. [EFFECTIVE JULY 1, 2004] (a) After June 30, 2004, any reference in any law, rule, or other document to the enterprise development fund shall be treated as a reference to the microenterprise partnership program fund.

(b) After June 30, 2004, any reference in any law, rule, or other document to the Indiana small business development corporation as it relates to the programs established under IC 4-3-13 and IC 4-3-16, as effective before July 1, 2004, shall be treated as a reference to the Indiana economic development council.

(c) Effective July 1, 2004, any property or liabilities accruing to the Indiana small business development corporation in connection with the administration of IC 4-3-13 and IC 4-3-16, as effective before July 1, 2004, are transferred to the Indiana economic development council.

(c) This SECTION expires July 1, 2005.

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COMMITTEE REPORT

Madam President: The Senate Committee on Economic Development and Technology, to which was referred Senate Bill No. 327, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 3, delete lines 39 through 42, begin a new paragraph and insert:

**"SECTION 2. [EFFECTIVE JULY 1, 2004] (a) As used in this SECTION, "fund" refers to the microenterprise partnership program fund established by IC 4-4-32, as added by this act.**

**(b) There is appropriated to the fund two hundred fifty thousand dollars (\$250,000) from the state general fund to carry out the purposes of IC 4-4-32, as added by this act.**

**(c) This SECTION expires July 1, 2005."**

and when so amended that said bill do pass.

(Reference is to SB 327 as introduced.)

FORD, Chairperson

Committee Vote: Yeas 9, Nays 0.

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SENATE MOTION

Madam President: I move that Senate Bill 327 be amended to read as follows:

Page 3, delete lines 37 through 38.

(Reference is to SB 327 as printed January 27, 2004.)

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SENATE MOTION

Madam President: I move that Senator Ford be added as coauthor of Senate Bill 327.

SIMPSON

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SENATE MOTION

Madam President: I move that Senator Riegsecker be added as coauthor of Senate Bill 327.

SIMPSON

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## COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 327, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration.

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-3-12-3, AS AMENDED BY P.L.58-2002, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. The corporation, after being certified by the governor under section 1 of this chapter, may:

- (1) establish programs to identify entrepreneurs with marketable ideas and to support the organization and development of new business enterprises, including technologically oriented enterprises;
- (2) conduct conferences and seminars to provide entrepreneurs with access to individuals and organizations with specialized expertise;
- (3) establish a statewide network of public, private, and educational resources to assist the organization and development of new enterprises;
- (4) operate a small business assistance center to provide small businesses, including minority owned businesses and businesses owned by women, with access to managerial and technical expertise and to provide assistance in resolving problems encountered by small businesses;
- (5) cooperate with the Indiana business modernization and technology corporation, other public and private entities, including the Indiana small business development network and the federal government marketing program, in exercising the powers listed in subdivisions (1) through (4);
- ~~(6) establish and administer the small and minority business assistance program under IC 4-3-16;~~
- ~~(7) approve and administer loans from the enterprise development fund established under IC 4-3-13; and~~
- ~~(8)~~ (6) coordinate state-funded programs that assist the organization and development of new enterprises.

SECTION 2. IC 4-3-13-1.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1.5. As used in this

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chapter, "corporation" refers to the Indiana ~~small business economic development corporation~~ **council established under IC 4-3-13.**

SECTION 3. IC 4-3-13-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. As used in this chapter, "fund" refers to the ~~enterprise development~~ **microenterprise partnership program fund established by section 9 of this chapter.**

SECTION 4. IC 4-3-13-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 8. (a) The general assembly makes the following findings of fact:

(1) There exists in Indiana an inadequate amount of locally managed, pooled investment capital in the private sector available to invest in new and existing business ventures, including business ventures by nontraditional entrepreneurs.

(2) Investing capital and business management advice in new and existing business ventures, including business ventures by nontraditional entrepreneurs, will enhance economic development and create and retain employment within Indiana. This investment will enhance the health and general welfare of the people of Indiana and constitutes a public purpose.

(3) Nontraditional entrepreneurs have not engaged in entrepreneurship and self-employment to the extent found in the mainstream of Indiana's population. Realizing the potential of these nontraditional entrepreneurs will enhance Indiana's economic vitality.

(b) Therefore, it is declared to be the policy of the state to promote economic development and entrepreneurial talent of the state's inhabitants by the creation of the ~~enterprise development~~ fund for the public purpose of promoting opportunities for gainful employment and business opportunities.

SECTION 5. IC 4-3-13-9, AS AMENDED BY P.L.58-2002, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 9. (a) The ~~enterprise development~~ **microenterprise partnership program** fund is established. The fund is a revolving fund for the purpose of:

(1) providing loans approved by the corporation under this chapter and IC 4-3-12-3;

(2) providing loans or loan guarantees under the small and minority business financial assistance program established by IC 4-3-16;

**(3) carry out the microenterprise partnership program under IC 4-4-32.4; and**

~~(4)~~ **(4)** paying the costs of administering this chapter, ~~and~~

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**IC 4-3-16, and IC 4-3-32.4.**

The fund shall be administered by the corporation.

(b) The fund consists of:

- (1) amounts appropriated by the general assembly;
- (2) the repayment proceeds (including interest) of loans made from the fund; and
- (3) donations, grants, and money received from any other source.

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(e) The fund is subject to an annual audit by the state board of accounts. The fund shall bear the full costs of this audit.

SECTION 6. IC 4-3-13-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 19. (a) As used in this section, "eligible entity" means any partnership, unincorporated association, corporation, or limited liability company, whether or not operated for profit, that is established for the purpose of establishing a local investment pool.

(b) A local investment pool may be established only by an eligible entity. A political subdivision may participate in the establishment of an eligible entity but may not be the sole member of the eligible entity.

(c) The articles of incorporation or bylaws of the eligible entity, as appropriate, must provide the following:

(1) The exclusive purpose of the eligible entity is to establish a local investment pool to:

- (A) attract private equity investment to provide grants, equity investments, loans, and loan guarantees for the establishment or operation of businesses in Indiana; and
- (B) provide a low to moderate rate of return to investors in the short term, with higher rates of return in the long term.

(2) The governing body of the eligible entity must include:

- (A) persons who are qualified by professional background and business experience to make sound financial and investment decisions in the private sector; and
- (B) representatives of nontraditional entrepreneurs.

(3) The eligible entity may receive funds from:

- (A) equity investors;
- (B) grants and loans from local units of government;
- (C) grants and loans from the federal government;
- (D) donations; and

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(E) loans from the ~~enterprise development~~ fund.

SECTION 7. IC 4-3-13-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 20. (a) A local opportunity pool may be established only by a nonprofit corporation or a for profit corporation established for that purpose. A political subdivision may participate in the establishment of such a corporation but may not be the sole member of the corporation.

(b) The articles of incorporation or bylaws of the corporation, as appropriate, must provide the following:

(1) The exclusive purpose of the corporation is to establish a local opportunity pool to:

(A) attract sources of funding other than private equity investment to provide grants, loans, and loan guarantees for the establishment or operation of nontraditional entrepreneurial endeavors in Indiana; and

(B) enter into financing agreements that seek the return of the principal amounts advanced by the pool, with the potential for a greater return.

(2) The board of directors of the corporation must include:

(A) persons who are actively engaged in Indiana in private enterprise, organized labor, or state or local governmental agencies and who are qualified by professional background and business experience to make sound financial and investment decisions in the private sector; and

(B) representatives of nontraditional entrepreneurs.

(3) The corporation may receive funds from:

(A) philanthropic foundations;

(B) grants and loans from local units of government;

(C) grants and loans from the federal government;

(D) donations;

(E) bequests; and

(F) loans from the ~~enterprise development~~ fund.

SECTION 8. IC 4-3-14-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 4. (a) The articles of incorporation or bylaws of the corporation, as appropriate, must provide that:

(1) the exclusive purpose of the corporation is to contribute to the strengthening of the economy of the state by:

(A) coordinating the activities of all parties having a role in the state's economic development through evaluating, overseeing, and appraising those activities on an ongoing basis;

(B) overseeing the implementation of the state's economic development plan and monitoring the updates of that plan; and

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- (C) educating and assisting all parties involved in improving the long range vitality of the state's economy;
- (2) the board must include:
  - (A) the governor;
  - (B) the lieutenant governor;
  - (C) the chief operating officer of the corporation;
  - (D) the chief operating officer of the corporation for Indiana's international future; and
  - (E) additional persons appointed by the governor, who are actively engaged in Indiana in private enterprise, organized labor, state or local governmental agencies, and education, and who represent the diverse economic and regional interests throughout Indiana;
- (3) the governor shall serve as chairman of the board of the corporation, and the lieutenant governor shall serve as the chief executive officer of the corporation;
- (4) the governor shall appoint as vice chairman of the board a member of the board engaged in private enterprise;
- (5) the lieutenant governor shall be responsible as chief executive officer for overseeing implementation of the state's economic development plan as articulated by the corporation and shall oversee the activities of the corporation's chief operating officer;
- (6) the governor may appoint an executive committee composed of members of the board (size and structure of the executive committee shall be set by the articles and bylaws of the corporation);
- (7) the corporation may receive funds from any source and may expend funds for any activities necessary, convenient, or expedient to carry out its purposes;
- (8) any amendments to the articles of incorporation or bylaws of the corporation must be approved by the governor;
- (9) the corporation shall submit an annual report to the governor and to the Indiana general assembly on or before the first day of November for each year;
- (10) the corporation shall conduct an annual public hearing to receive comment from interested parties regarding the annual report, and notice of the hearing shall be given at least fourteen (14) days prior to the hearing in accordance with IC 5-14-1.5-5(b); and
- (11) the corporation is subject to an annual audit by the state board of accounts, and the corporation shall bear the full costs of this audit.

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(b) The corporation may perform other acts and things necessary, convenient, or expedient to carry out the purposes identified in this section, and it has all rights, powers, and privileges granted to corporations by IC 23-17 and by common law.

**(c) The corporation shall:**

- (1) approve and administer loans from the microenterprise partnership program fund established under IC 4-3-13-9;**
- (2) establish and administer the nontraditional entrepreneur program under IC 5-13-13;**
- (3) establish and administer the small and minority business assistance program under IC 4-3-16; and**
- (4) establish and administer the microenterprise partnership program under IC 4-4-32.4.**

SECTION 9. IC 4-3-16-2.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2.5. As used in this chapter, "corporation" refers to the Indiana ~~small business economic development corporation~~ **council established under IC 4-3-14.**

SECTION 10. IC 4-3-16-2.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2.7. As used in this chapter, "fund" refers to the ~~enterprise development~~ **microenterprise partnership program fund established by IC 4-3-13-9.**

Page 1, line 1, delete "4-4-32" and insert "4-4-32.4".

Page 1, line 4, delete "32." and insert "**32.4**".

Page 1, line 5, delete ""department"" and insert ""**council**"".

Page 1, line 5, after "the" insert "**Indiana economic development council established under IC 4-3-14.**".

Page 1, delete line 6.

Page 2, line 9, delete "department" and insert "**council**".

Page 2, line 18, delete "department" and insert "**council**".

Page 3, line 14, after "by" insert "**at least**".

Page 3, line 26, delete "department" and insert "**council**".

Page 3, line 26, delete "adopt rules under IC 4-22-2" and insert "**prescribe standards, procedures, and other guidelines**".

Page 3, delete lines 28 through 42, begin a new paragraph and insert:

**"Sec. 13. The council may use money in the microenterprise partnership program fund established by IC 4-3-13-9 or any other money available to the council to carry out this chapter.**

**Sec. 14. Before August 1, 2005, and before August 1 of each year thereafter, the council shall submit to the budget committee a supplemental report on a longitudinal study:**

- (1) describing the economic development outcomes resulting**

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- from microloans made under this chapter; and
- (2) evaluating the effectiveness of the microloan delivery organizations and the microloans made under this chapter in:
- (A) expanding employment and self-employment opportunities in Indiana; and
  - (B) increasing the incomes of persons employed by microenterprises.

SECTION 3. [EFFECTIVE JULY 1, 2004] (a) After June 30, 2004, any reference in any law, rule, or other document to the enterprise development fund shall be treated as a reference to the microenterprise partnership program fund.

(b) After June 30, 2004, any reference in any law, rule, or other document to the Indiana small business development corporation as it relates to the programs established under IC 4-3-13 and IC 4-3-16, as effective before July 1, 2004, shall be treated as a reference to the Indiana economic development council.

(c) Effective July 1, 2004, any property or liabilities accruing to the Indiana small business development corporation in connection with the administration of IC 4-3-13 and IC 4-3-16, as effective before July 1, 2004, are transferred to the Indiana economic development council."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 327 as reprinted February 3, 2004.)

CRAWFORD, Chair

Committee Vote: yeas 25, nays 0.

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